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INFO RUEHGG/UN SECURITY COUNCIL COLLECTIVE IMMEDIATE  
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EMBASSY BAGHDAD FOR AMB CHARLIE RIES

E.O. 12958: N/A

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SUBJECT: UN PROPOSALS TO SHUT DOWN OFF

REF: A. USUN-IO/NEA E-MAIL 11 DECEMBER

[1](#)B. USUN-IO/NEA E-MAIL 18 JANUARY

[1](#)C. USUN-IO/NEA E-MAIL 24 JANUARY

[1](#)1. (SBU) On January 23, Security Council members received a letter from Secretary-General Ban Ki-moon following up on Ban's December 7 letter detailing "arrangements for terminating the operations relating to the letters of credit raised against the United Nations Iraq Account under Security Council resolution 1483 (2003)." In other words, the letters propose procedures to resolve the outstanding letters of credit in the UN's Oil-for-Food program in order to permit termination of the program. Both letters and annexes have been forwarded to IO/UNP and NEA/I/ASSIST (see ref e-mails). The UK, which has the lead in the Council on Oil-for-Food issues, is preparing to circulate a draft response to these two letters. ACTION REQUEST: USUN requests Department guidance on a draft response by 1 Feb, including how to address the UN's proposed dispute mechanism. END ACTION REQUEST.

[1](#)2. (SBU) On January 23, poloff consulted with UKUN expert Ian Collard, who said the UK is preparing a draft response to the UN's proposal and two letters, and observed that the Security Council owed a reply to Ban. He suggested that the letter provide an interim response to the Secretary-General, noting the Council's receipt of the letters and encouraging continued progress between the UN and Iraq on resolving the outstanding LOCs, including successful action by the UN-GOI Working Group. But Collard proposed that in this interim response the Security Council delay pronouncing on the UN's suggestion to establish an elaborate dispute mechanism in the event the Working Group does not resolve the outstanding LOCs by the Working Group's deadline of 1 April 2008. Collard has heard informally from the Secretariat that the UN believes the prospect of an elaborate dispute mechanism will act as a spur to encourage the Iraqis to come to agreement on all outstanding contracts by 1 April, thus making it unnecessary to implement such a mechanism. He suggested the Council await further action by the Working Group of UN and Iraqi officials before opining on the utility of a dispute mechanism. The Belgian and French experts agree with this approach. The Russian expert has indicated that Russia is uncomfortable with the proposed dispute mechanism.

[1](#)3. (SBU) Comment: While USUN welcomes the UK proposal, we note that the proposed dispute mechanism would run counter to longstanding USG efforts to terminate OFF. End Comment.  
WOLFF